



# Department of Justice

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## **FORMER OWNER OF KETTERING-BASED PAYROLL COMPANY PLEADS GUILTY TO MAIL FRAUD, TAX EVASION, MONEY LAUNDERING**

DAYTON - Rodney R. Richley, II, age 59, of Cape Coral, Florida pleaded guilty in U.S. District Court here today to three counts of mail fraud, four counts of tax evasion, and one count of money laundering for defrauding clients of his payroll company, Kettering-based Payroll Data Services, Inc. ("PDS"), of approximately \$4.3 million between January 2000 and April 2003.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Nathan J. Hochman, Assistant Attorney General for the U.S. Department of Justice Tax Division, and Jose Gonzalez, Special Agent in Charge, Cincinnati Field Office, Internal Revenue Service-Criminal Investigation announced the pleas entered today before United States District Judge Walter Herbert Rice.

In a statement of facts filed with Richley's plea, he admitted that he received approximately \$4.3 million of employment taxes from at least 36 PDS clients by falsely representing that he would pay the funds to the IRS on the companies' behalf. Rather than remitting the employment taxes to the IRS, Richley used the money for other purposes including buying multiple luxury vehicles, withdrawing approximately \$732,000 in cash through ATM withdrawals, paying approximately \$360,000 to hotels and casinos in Las Vegas, and buying a residence in Lawrenceburg, Indiana. Richley also filed false employment tax returns on behalf of his clients underreporting their true employment tax liability.

As part of his plea agreement, Richley agreed to make full restitution to the victims, to pay \$4,713,164.80 to the IRS, and to forfeit his interest in a house in Indiana.

Richley owned and operated PDS from 1990 until he sold it in 2003 and left the Dayton area, ultimately settling in Florida.

Each count of mail fraud carries a maximum penalty of 20 years imprisonment. Each count of tax evasion carries a maximum penalty of 5 years imprisonment. Money laundering is punishable by up to 10 years imprisonment. Judge Rice set sentencing for July 10, 2008 at 11 a.m.

This prosecution is the result of an investigation by the Internal Revenue Service-Criminal Investigation. The case is being prosecuted by U.S. Department of Justice Tax Division trial attorneys Jorge Almonte and Jill M. Cassara, on behalf of Lockhart's Dayton office..

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